

Amend PLC

11/18/76

28 1996

Shell Western E&P Inc.

An affiliate of Shell Oil Company



P. O. Box 576
Houston, TX 77001

October 22, 1996

Mr. Ben Stone
Energy, Mineral and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe NM 87505

RE: Supplement to OCD Commingling Order PLC-118
Surface Commingling -- Request for exception to Rule 303-A
Middle Penn, Wolfcamp, Drinkard & Morrow Pools
State "A" well #9, State "A" well #10, Warn State A/C #1 well #1
and State Ridge "B" Com well #1
Sections 30 & 31, Township 17 South, Range 35 East
Lea County, New Mexico

62220
MORROW

Dear Mr. Stone:

By letter of March 11, 1996 from the Commission of Public Lands and by Commingling Order PLC-118 dated April 30, 1996 from the Oil Conservation Division, Shell Western E&P's (SWEPI) request to surface commingle the Middle Penn, Wolfcamp and Drinkard Pools in the Vacuum Field from the State "A" wells #9 and #10 and the Warn State A/C #1 well #1 was approved.

SWEPI has recently drilled the State Ridge "B" Com well #1 in Section 31 and hereby requests your administrative approval to supplement the captioned Commingling Order by adding such well as to the Morrow Pool.

In support of such request, enclosed please find the following:

- .Schematic diagram of the State "A" Battery
- .Plat reflecting the flowlines from the captioned wells to the State "A" Battery
- .Plat reflecting the location of the captioned wells together with delineation of the pools from which each well is producing

Also please note:

- .State A 9 (Drinkard) - 31 BOPD at posted price with 38 deg. gravity
- .State A 10 (Penn) - 35 BOPD at posted price with 41.6 deg. gravity
- .State A10 (Wolfcamp)- 5 BOPD at posted price with 38 deg. gravity
- .Warn State A/C #1 (Drinkard) - 16 BOPD at posted price with 38 deg. gravity
- .State Ridge B Com #1 (Morrow)-120 BOPD at posted price with 44 deg gravity

The gravity of the commingled fluids is expected to be approximately 42.1 deg. with no decrease in value due to all wells receiving the posted price for all hydrocarbons produced. There will be no commercial value lost due to the surface commingling of the subject production.

The State "A" lease and the Warn State A/C #1 lease cover State lands and SWEPI owns 100% working interest although the Warn State lease is subject to an overriding royalty interest not common in the State "A" lease. To insure proper reporting of production, SWEPI has installed a 3-phase separator to measure oil, water and gas production prior to same being commingled at the State "A" Battery. Additionally, the 320-acres communitized for the State Ridge "B" Com #1 well is owned by SWEPI and Texaco with two overriding royalty interests being retained. To insure proper reporting, SWEPI has installed a metering facility on the State "B" lease prior to commingling production from such well in the State "A" Battery. The enclosed schematic reflects the 3-phase separator and the on-lease metering facilities referenced herein.

A copy of this application is being forwarded contemporaneously to the Commissioner of Public Lands for the State of New Mexico for their consent to this surface commingling application.

Should you need additional information, please do not hesitate to contact the undersigned at 713-544-4589. We appreciate your consideration in this matter.

Yours very truly,



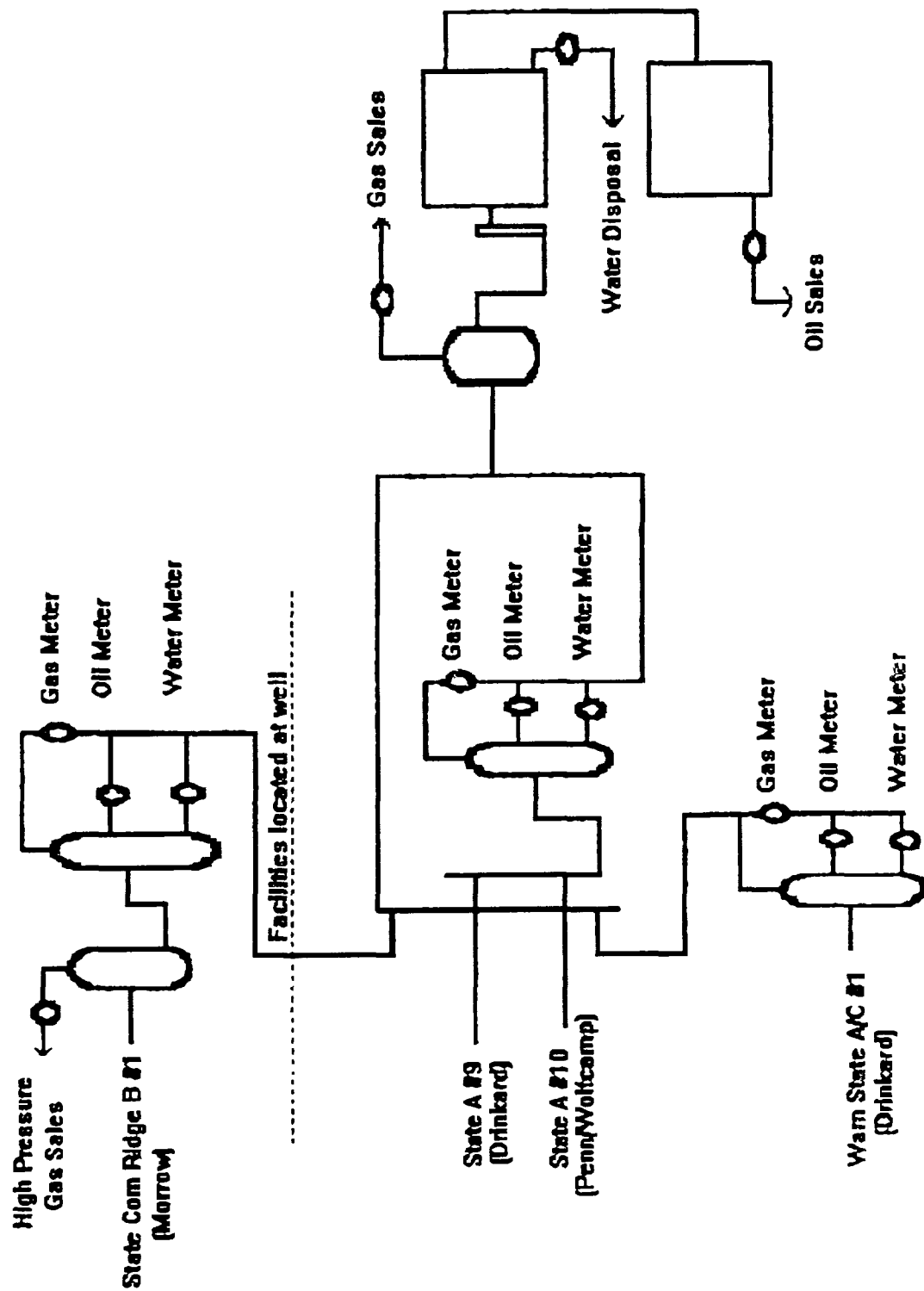
Jeff A. Dethrow CPL
Contract Landman
Western Asset Administration
Continental Division

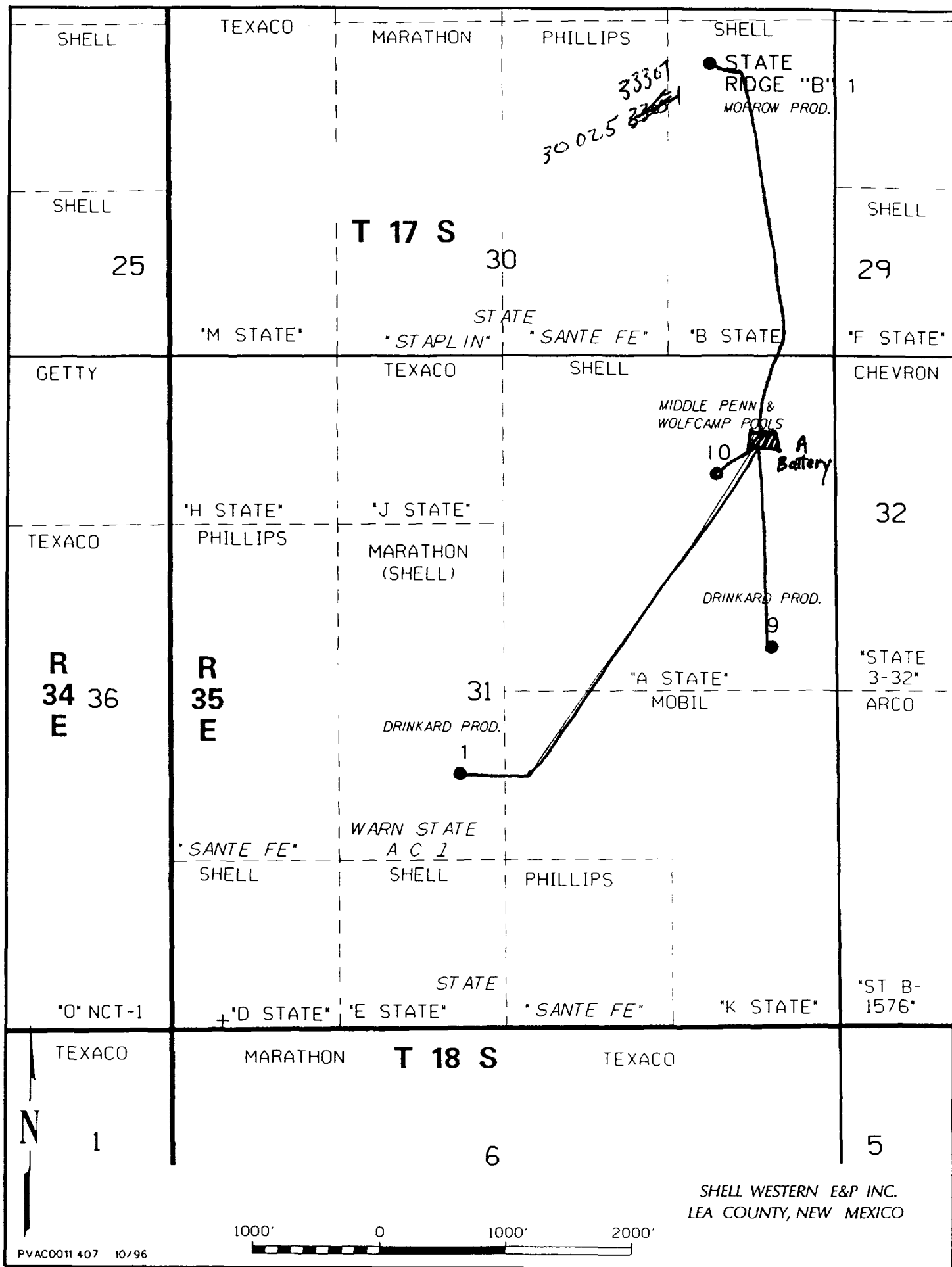
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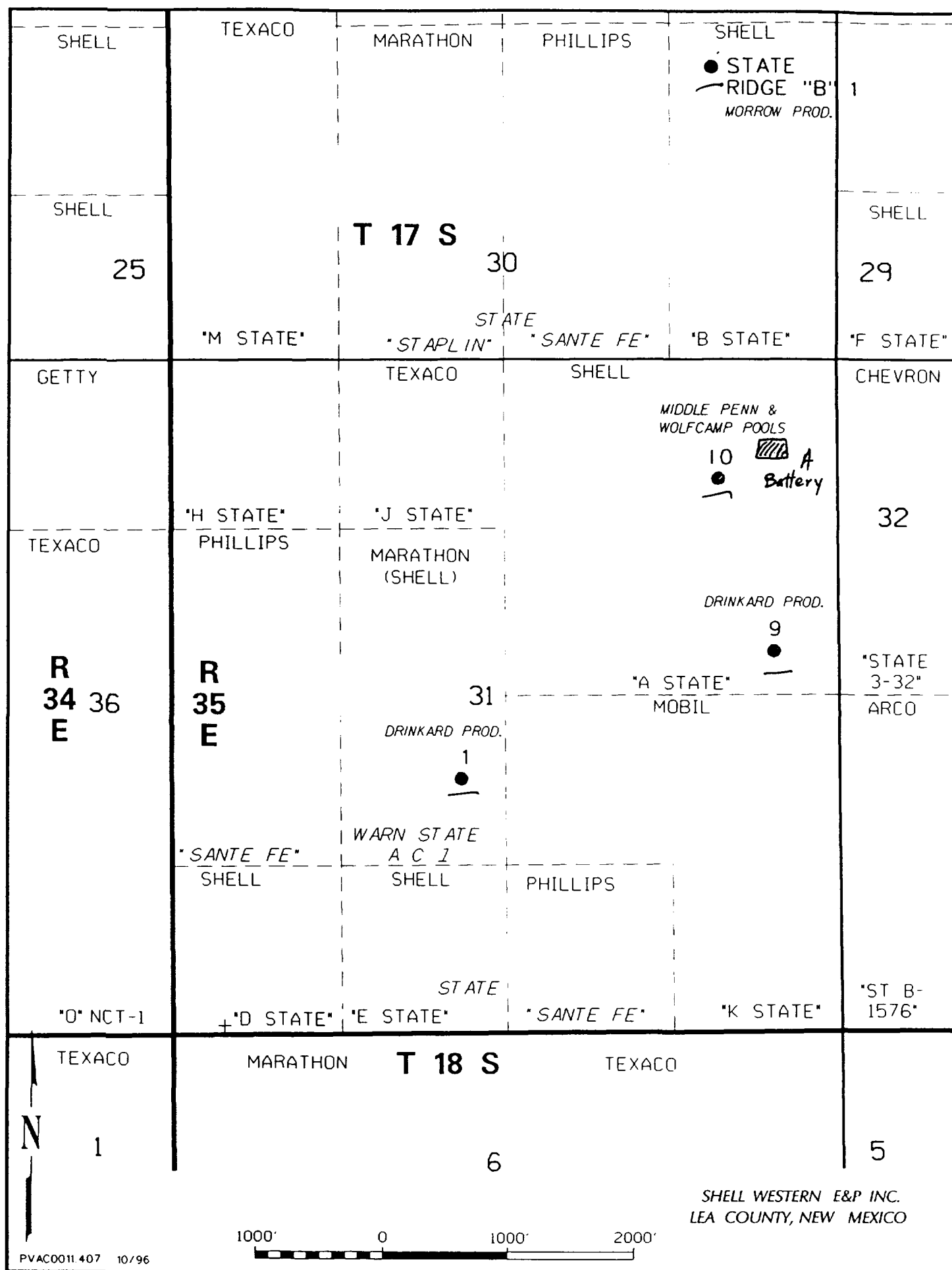
cc w/ attach: Mr. Pete Martinez
State of New Mexico
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe NM 87504-1148

Mr. Jerry Sexton
State of New Mexico
Oil Conservation Division
P.O. Box 1980
Hobbs NM 88240

STATE "A" BATTERY COMMINGLED FLOW DIAGRAM









COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

**State of New Mexico
Commissioner of Public Lands**

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
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(505)-827-5700

LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

November 4, 1996

Shell Western E & P Inc.
P. O. Box 576
Houston, Texas 77001

Attn: Mr. Jeff A. Dethrow

Re: Application for Surface Commingling
Request for Exception to Rule 303-A
Vacuum Field-Middle Penn, Wolfcamp, Drinkard and Morrow Pools
State "A", Well #9, State "A", Well #10 and Warn State A/C #1, Well #1 and State
Ridge "B" Com Well #1
Sections 30 and 31-17S-34E
Lea County, New Mexico

Dear Mr. Dethrow:

We have received your application requesting approval to commingle and store off-lease, the production from the following wells:

State "A", Well #9, (H), Section 31-17S-35E, Vacuum Drinkard;
State "A", Well #10, (A), Section 31-17S-35E, Vacuum Middle Penn and Vacuum
Wolfcamp;
Warn State A/C #1, Well #1 (K), Section 31-17S-35E, Vacuum Drinkard;
State Ridge B Com #1 (I), Section 30-17S-35E, Morrow.

The production from the subject leases will be commingled into the State "A" Battery located in Unit Letter A, Section 31, Township 17S, Range 34E, Lea County, New Mexico.

We understand that production from the State Ridge "B" Com #1 lease will be metered separately from the other commingled production.

Shell Western E & P Inc.

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Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Since the above-mentioned wells are utilizing the tank battery on Lease B-2354-2, a right-of-way easement may be required. Please contact Ms. Debra Padilla of our Right-of-Way Division for further information regarding this easement. Ms. Padilla's telephone number is 827-5729.

Our approval is contingent upon Shell Western E & P Inc.'s obtaining any required rights-of-way.

Your \$30.00 filing fee has been received..

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

Enclosure

cc: Reader File

B-2354-2

OCD--Attention: David Catanach and Ben Stone

Debra Padilla